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CHINA REPORT
POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS
PRC STATE COUNCIL BULLETINS

Nos 1-2, 30 January 1986, 10 February 1986

Beijing ZHONGHUA RENMIN GONGHEGUO GUOWUYUAN GONGBAO [PRC STATE COUNCIL BULLETIN] in Chinese No 1-2, 30 Jan 86, 10 Feb 86

[This volume contains selected translations from the PRC STATE COUNCIL BULLETIN. Items marked (previously published) and (previously covered) have appeared in other JPRS or FBIS publications, and are cross-referenced wherever possible.]

CONTENTS

Interim Regulations on Bank Management of the PRC (Promulgated by the State Council on 7 January 1986) [Text published in FBIS-CHI-86-018, 28 January 1986 pp K15-22]

State Council Circular on the Promulgation of the "PRC Treasury Bond Regulations, 1986" (22 November 1985) [Not translated]

PRC Treasury Bond Regulations, 1986 [previously published in JPRS-CEA-86-047, 23 April 1986 pp K34-37]

Circular of the State Council General Office on the Circulation of a Report of the State Restructuring of Economic System Commission and the State Planning Commission on the Continued Implementation and Perfection of the Province-Level Economic Decisionmaking Authority of Seven Cities (17 December 1985)..... 1

Report of the State Restructuring of Economic System Commission and the State Planning Commission on the Continued Implementation and Perfection of the Province-Level Economic Decisionmaking Authority of Seven Cities (18 November 1985)..... 2

State Council Congratulatory Message to No 2 Motor Vehicle Plant and the Technicians, Workers, and Cadres Who Took Part in Its Construction (January 1986) [Summary published in CHI-86-007, 10 January 1986 p K15]

PRC Foreign Ministry Spokesman Statement (17 January 1986) (Rebutting the Vietnamese Statement on Hu Yaobang's Visit to Xisha) [previously published in FBIS-CHI-86-008, 13 January 1986, p D2]

PRC Foreign Ministry Spokesman Statement (12 January 1986) [Summary published in FBIS-CHI-86-008, 13 January 1986 p D2]

Proposal on Employment Policy (Adopted by the 70th International Labor Congress, 1984) [not translated]

Premier Zhao Ziyang's Congratulatory Message to the Conference of Heads of State and Government Leaders on Drought Fighting in Eastern Africa (15 January 1986) [not translated]

Provisional Rules on the Control of Trademark Printing (Promulgated by the State Administration for Industry and Commerce on 21 December 1985 [not translated]

State Council Appointments and Removals (11 November 1985, 10 December 1985, 14 December 1985, 20 December 1985, and 5 January 1986) [previously published in FBIS-CHI-86-013, 21 January 1986, p K20]

PRC Presidential Decree No 34 (20 January 1986) [not translated]

Fisheries Law of the PRC (20 January 1986) [previously published in JPRS-CAG-86-005, 10 February 1986, pp 22-28]

State Council Request for the Deliberation of the "Fisheries Law of the PRC (Draft)" (4 June 1985) [not translated]

NPC Standing Committee Resolution Approving the Opening of the Port of Nanjing to Foreign Ships (Adopted on 20 January 1986) [not translated]

Request by the State Council and the Central Military Commission for the Approval of the Opening of the Port of Nanjing to Foreign Ships (6 January 1986)..... 7

NPC Standing Committee Resolution To Rename the Ministry of Radio and Television the Ministry of Radio, Cinema, and Television (Adopted on 20 January 1986) [News report published in FBIS-CHI-86-010, 15 January 1986 p K4]

State Council Request for Renaming the Ministry of Radio and Television the Ministry of Radio, Cinema and Television (9 January 1986) [not translated]

PRC Presidential Decree No 35 (20 January 1986)..... 8

State Council Circular on the Promulgation of the "Provisional Regulations on the Supervision of Energy Conservation" (12 January 1986) [previously published in JPRS-CEA-86-025, 13 March 1986, p 8]

Provisional Regulations on the Supervision of Energy Conservation (Promulgated by the State Council on 12 January 1986) [Summary published in FBIS-CHI-86-016, 24 January 1986 p K2]

Provisional Regulations of the PRC on Income Tax for Individual Industrial and Commercial Households in Urban and Rural Areas (Promulgated by the State Council on 7 January 1986) [previously published in FBIS-CHI-86-018, 28 January 1986, pp K24-26]

Provisional Regulations of the State Council on General Aviation Control (Promulgated by the State Council on 8 January 1986) [not translated]

State Council Circular on the Approval and Circulation of the "Provisional Rules on Barge Operations in Ports" of the Ministry of Communications (11 January 1986) [not translated]

Provisional Rules on Barge Operations in Ports [not translated]

State Council General Office Circular on Strictly Banning Extravagance, Waste, Receptions, and Gifts During the Spring Festival (28 January 1986) [Text published in FBIS-CHI-86-020, 30 January 1986 p K3]

State Council Congratulatory Message to the Cadres, Technical Personnel, and Workers of Daqing City People's Government and the Daqing Petroleum Administrative Bureau (25 January 1986) [Text published in FBIS-CHI-86-020, 30 January 1986 p K9]

State Council Approval of a Request by the Henan Provincial People's Government To Establish an Urban District in Puyang City (30 December 1985) [Summary published in FBIS-CHI-86-022, 3 February 1986 p K17]

State Council Approval of a Request by the Guangdong Provincial People's Government To Move the Site of the Gaoyao County People's Government to the Town of Nanan (8 January 1986) [Summary published in FBIS-CHI-86-022, 3 February 1986 p K17]

State Council Approval of a Request by the Henan Provincial People's
Government To Expand the Leadership of Cities Over the Counties
(18 January 1986) [Summary published in FBIS-CHI-86-022, 3 February
1986 p K17]

PRC Presidential Appointments and Removals (19 January 1986)
[previously published in FBIS-CHI-013, 21 January 1986 p K20]

CIRCULAR ON DECISIONMAKING AUTHORITY OF SEVEN CITIES

Beijing STATE COUNCIL BULLETIN in Chinese No 1, 30 Jan 86 p 13

[Circular of the State Council General Office on the Circulation of a Report of the State Restructuring of Economic System Commission and the State Planning Commission on the Continued Implementation and Perfection of the Province-Level Economic Decisionmaking Authority of Seven Cities (17 December 1985)]

(Guoban Fa [0948 6586 4099] (1985) No 89)

[Text] The State Council has, in principle, endorsed the "Report of the State Commission for Restructuring Economic System and the State Planning Commission on the Continued Implementation and Perfection of the Province-Level Economic Decisionmaking Authority of Seven Cities," which is now circulated to you for implementation.

In the past 2 years and more, the State Council has successively granted province-level economic decisionmaking authority to seven cities, namely, Chongqing, Wuhan, Shenyang, Dalian, Guangzhou, Harbin, and Xian, and tried out comprehensive economic restructuring in these seven cities. In this short time, they have achieved fairly good results in playing their role as urban economic centers.

We are now at an important historical period of transition from an outmoded structure to a socialist new economic structure that is full of vigor and vitality. How we are to strengthen the comprehensive service functions of cities, bring into play the role of cities in strengthening macroeconomic control and invigorating the microeconomy, and find new ways of closely integrating and coordinating macroeconomic control and microeconomic flexibility are important tasks of reform. Localities and departments concerned are requested to strengthen guidance and support to these seven cities in trying out comprehensive reforms and to jointly push forward the reforms in order to achieve still better results.

/8309

CSO: 4005/167

REPORT ON DECISIONMAKING AUTHORITY OF SEVEN CITIES

Beijing STATE COUNCIL BULLETIN in Chinese No 1, 30 Jan 85 pp 13-17

[Report of the State Restructuring of Economic System Commission and the State Planning Commission on the Continued Implementation and Perfection of the Province-Level Economic Decisionmaking Authority of Seven Cities (18 November 1985)]

[Text] In February 1983, the State Council granted the city of Chongqing province-level economic decisionmaking authority in state planning. In 1984, the same treatment was extended to Wuhan, Shenyang, Dalian, Guangzhou, Harbin, and Xian respectively. With the energetic support of their respective provincial leadership and of various ministries and commissions of the State Council, the bases of the principal planned targets for these seven cities are basically separated from those assigned to the provinces where they are situated. Their economic and social development plans are being directly incorporated into state planning for overall balance purposes, and they are gradually exercising their province-level economic decisionmaking authority.

Granting economic decisionmaking authority under the current situation of economic restructuring is very different from what was practiced in the 1960's. The present practice is an important measure for bringing into play the role of big cities as economic centers, and is an important step in the ongoing restructuring of China's economy with its emphasis on the cities. Substantial progress has been made both in scope and in depth. The following are the major features: 1) While being considered separately in state planning, these seven cities are also trying out overall economic reforms with the approval of the central authorities and the leadership of the provinces where they are situated. 2) These seven cities are treated as province-level units and listed separately in state planning. All their economic and social development plans are directly incorporated into the national plans for overall balance and unified arrangement purposes. 3) The seven cities enjoy province-level economic decisionmaking authority and can directly take part in economic activities of a national scale. 4) The granting of economic decisionmaking authority to the seven cities goes hand in hand with the delegation of power to enterprises under central ministries and provincial authorities, and the cities are taken as the base in rationally organizing production and circulation.

Despite the short time, notable results have been achieved in granting economic decisionmaking authority to these seven cities. This can mainly be seen in the following aspects:

1. It has greatly promoted the restructuring of the economy in the seven cities. These cities are all long-standing economic centers. Fettered by the old economic management system, however, they had been unable to fully bring into play their role as economic centers. Since their separate listing in state planning, these cities have been provided with suitable economic conditions and institutional assurances. They also have the direct guidance and support of various State Council departments. This has stimulated the enthusiasm of vast numbers of cadres and the people for reform. As a result of the further emancipation of the mind and the broadening of one's outlook, these cities have developed horizontal economic relations among enterprises and regions, played their vanguard role in trying out reforms, and found the way to urban economic restructuring. Over the past year and more, Chongqing, Wuhan, and Shenyang have all gained significant experience that may serve as guidance for the whole country: Chongqing in searching for new ways of integrating military and civilian production and developing cooperative relations among economic regions; Wuhan in breaking down barriers between cities, invigorating circulation, relaxing price controls and strengthening management; and Shenyang in invigorating enterprises, particularly large and medium-sized ones, and in developing joint operations among enterprises. Dalian and Guangzhou have also made considerable achievements in combining efforts to open to the outside world with reforms, invigorating the cities and bringing into play their role as "windows."

2. The comprehensive service functions of cities have been strengthened and the old industrial bases and cities are regaining their vitality. Due to restrictions of the past system, these cities lacked vitality and enterprises were not given the transformation they needed. The urban infrastructure was poor and inadequacies were more and more keenly felt in production as well as in livelihood. After being granted economic decisionmaking authority, these cities may, within given extents and limits, arrange their own production and construction. Things are beginning to change in the old cities and enterprises, and inadequacies in production and livelihood are gradually being compensated for. In the first half of this year, investment in technical transformation in the seven cities showed a 17.2-percent increase over the same period last year. With improvements made in the infrastructure in such fields as communications, telecommunications, commerce, science and technology, education, culture, and public health, as well as in social welfare facilities, they have strengthened their comprehensive service functions as key cities.

3. It has promoted the opening of these cities to other parts of the country and to the outside world. The granting of economic decisionmaking authority and the delegation of power to enterprises under central ministries and provincial authorities, have strengthened the appeal and radiating effect of key cities, and promoted the opening of these cities to other parts of the country and to the outside world. As a result, new developments have been

made both in depth and in scope in the establishment of horizontal economic relations with key cities as bases. This year, the number of Chinese-foreign joint ventures launched in Guangzhou is equal to the total number launched in the 5 years prior to the granting of province-level economic decisionmaking authority to the city. Dalian has also quickened the pace of utilizing foreign capital and importing new technology. Shenyang has established economic and technical joint operations with six industrial cities in central Liaoning and has made tremendous progress in these undertakings. Chongqing has actively carried forward its superior position as an inland port for foreign trade and played an important part in the economic coordination council comprising "five parties from four provinces," namely, Sichuan, Yunnan, Guizhou, Guangxi, and Chongqi.

4. It has extended the jurisdiction of these cities, enhanced their responsibility, instilled new vitality into their economy and greatly aroused the enthusiasm of the cities, the enterprises and the laborers. With accelerated economic development and better economic results, these cities are contributing more to the state and to their provinces. In the first half of this year, the industrial enterprises of these seven cities handed 30.4 percent more profits and tax to the state than in the same period last year. With a 27.4-percent growth in revenue, they are able to render great support to national economic construction.

On the whole, much has been achieved in granting province-level economic decisionmaking authority to the seven cities. However, in the replacement of the old system with the new, contradictions and problems are unavoidable. In order to correctly solve these problems, we must first raise our consciousness and unify thinking. We should be aware that granting a few big cities province-level economic decisionmaking authority without changing the administrative structure is a measure of reform aimed at bringing into play the role of cities as economic centers, forming economic networks with cities as bases, and making the transition toward a new system which favors indirect management. At the same time, these cities must strive to avoid the formation of new regional barriers. Instead, they must gradually separate government administration from economic management and energetically develop horizontal economic relations among enterprises and regions.

In order to continue to implement and make perfect the separate listing of the seven cities in state planning, the following suggestions are made:

A. The Practice of Separate Planning Still Needs To Be Further Implemented in an All-Round Way

At present, these cities are already considered separately for some of the major targets administered by the State Planning Commission and various State Council departments. However, they have not yet been so treated as far as supportive targets go. For example, they have their separate production plans, but are not treated entirely independently in energy distribution and other basic production factors. They have their separate plans for fixed-assets investment and bank credits, but specific plans for various branches of the Construction Bank in the cities have yet to be worked out. They have their plans for foreign trade and exports, but various quotas and deficit limits have yet to be

discussed. They have their separate economic plan, but some aspects of their social development plan have not yet been given separate treatment. In addition, the financial plan of Xian has not yet been considered separately.

With this in mind, we suggest that various State Council departments and provinces where the cities concerned are situated should, in the spirit of the instructions of the CPC Central Committee and the State Council and proceeding from the need to further bring into play the role of key cities, examine the separate treatment of the economic and social development plans and targets of the seven cities, and propose measures for further implementation. The cities should take the initiative to promptly report to their respective province and State Council departments suggestions for improvement. In areas not yet covered by separate treatment, positive efforts should be made to create the necessary conditions for fully separate treatment in 1986. In planning and arrangement, plans for the seven cities should be directly incorporated into the national plan for unified arrangement and overall balance. In plans administered by the State Planning Commission and other State Council ministries and commissions, separate arrangements should first be made for targets for the seven cities before these are incorporated into the plans for their respective provinces.

B. These Seven Cities Should Be Allowed To Exercise the Economic Management Authority Due Them

The granting of province-level economic management authority to cities treated separately in state planning is an important aspect of the economic restructuring of these cities. It is also a necessary measure for making the separate listing of cities in state planning suit the needs of other reforms. At present, these cities are already exercising province-level authority in the administering of plans. However, they are not yet exercising full province-level economic management authority in other aspects. For example, they have the authority to approve investment projects, but not every city has the corresponding authority to approve land use for construction purposes. They have the authority to arrange pharmaceutical production plans and appraise the quality of new pharmaceutical products, but no authority to issue licenses for pharmaceuticals enterprises and licenses for preparing drugs. This incompatibility between economic management authority and the system of separate treatment in state planning is not conducive to bringing into play the role of these cities as economic centers.

In order to ensure the smooth implementation of the overall economic restructuring and the separate treatment of these cities in state planning, the provisions governing the exercise of province-level economic management authority in the plan for the trying out of overall economic restructuring in Chongqing, Wuhan, Shenyang, and Dalian approved by the State Council should be put into effect. The economic management authority of Guangzhou, Harbin, and Xian should also be dealt with in accordance with relevant provisions of the above-mentioned plan for the four cities and provinces concerned should be asked to inspect the

implementation of these provisions. In view of the fact that these seven cities have a vital role to play in the steady development of the national economy and in the maintenance of macroeconomic balance, attention should also be paid to ensuring the authority of these cities on financial, tax, banking, price, and wage matters in order to enhance their ability of controlling and managing the macroeconomy by means of economic regulation.

As for the delegation of power to the enterprises, principles and regulations have already been laid down by the State Council and the ministries and provinces concerned are advised to study and implement them.

C. The Question of Working Out Rational Solutions for the Supply of Materials and the Distribution of Profits Obtained From the Sale of Products

1) Separate bases should be set for principal materials subject to planned distribution in the seven cities (including energy which is subject to regional balancing in some provinces), and cities that have not yet done so should make haste to set such bases.

2) For enterprises in these seven cities, proceeds from products hitherto divided between the state and the province should now be divided among the state, the province, and the city. The share of profits between the province and the city is to be determined by the two parties through consultation and reported to the State Planning Commission and departments in charge of distribution for the record.

3) As regards energy and principal materials subject to unified distribution by the state, it is necessary to appropriately increase supplies to these cities over and beyond the planned quotas in order to create conditions for opening a capital goods market.

These seven cities must take further steps to develop coordination, the making of complete sets of products, and relations of commodity exchange within their own province. The provinces should continue to strengthen guidance and promote and develop economic ties between other parts of the province and cities with province-level economic decisionmaking authority. When contradictions are encountered in economic work, the provinces and cities should take the initiative to consult each other. State Council departments concerned should also assist the provinces and cities in the proper handling of relationships.

The work of giving cities separate treatment in state planning involves a wide range of complicated issues. We must persist in solving problems arising from implementation through reform and find new ways in the spirit of reform.

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CSO: 4005/167

REQUEST FOR APPROVAL OF OPENING NANJING TO FOREIGN SHIPS

Beijing STATE COUNCIL BULLETIN in Chinese No 2, 10 Feb 86 p 41

[Request by the State Council and the Central Military Commission for the Approval of the Opening of the Port of Nanjing to Foreign Ships]

[Text] The Standing Committee of the NPC:

By a decision made on 19 November 1982 at the 25th meeting of the 5th NPC, approval was granted to open the ports of Nantong and Zhangjiagang on the Changjiang to foreign ships. In the past 2 years and more, some of foreign trade goods and materials of provinces along the river were directly loaded, unloaded or transshipped at these two ports. This has to some extent relieved the burdens on the Shanghai Harbor and promoted the economic development of provinces along the river. In order to further implement the policy of opening to the outside world and invigorating the domestic economy, give full scope to the advantages offered by the Changjiang to water transport, develop the economy, trade, and tourist industry of provinces along the river, and reduce the pressure on Shanghai Harbor, the State Council and the Central Military Commission have agreed to open the port of Nanjing to foreign ships. As this concerns the right of inland navigation, a request for examination and approval is hereby submitted.

In view of the fact that Nantong and Zhangjiagang on the Changjiang have already been opened and the "Regulations of the PRC Governing Foreign Vessels Sailing in the Changjiang" have already been approved and promulgated by the State Council, should approval be given after deliberation to open the port of Nanjing to foreign ships, it is suggested that in the future the State Council be authorized to examine and approve the opening of other ports between the port of Nanjing and the Changjiang estuary to foreign ships.

Please discuss and decide.

[Signed] Zhao Ziyang, Premier of
the State Council.

Deng Xiaoping, Chairman
of the Central Military
Commission.

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CSO: 4005/168

PRESIDENTIAL DECREE APPOINTING OFFICIALS

Beijing STATE COUNCIL BULLETIN in Chinese No 2, 10 Feb 86 p 42

[PRC Presidential Decree No 35]

[Text] In accordance with the decision reached on 20 January 1986 at the 14th Session of the Standing Committee of the 6th NPC of the PRC:

1. Ismail Amat (Simayi Aimaiti [0674 7456 5030 5337 6314 2251] is appointed minister of the State Nationalities Affairs Commission, while Yang Jingren [2799 7234 0088] is relieved of his duties as minister of the State Nationalities Affairs Commission.
2. Ai Zhisheng [5337 4249 3932] is appointed minister of the Ministry of Radio, Cinema, and Television while being relieved of his duties as minister of the Ministry of Radio and Television.

Li Xiannian, President of the PRC

20 January 1986

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CSO: 4005/168

END